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Conference of the States Parties to the United Nations Convention against Corruption

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Item 2 (a) (i) of the provisional agenda*

Implementation of Conference resolution 5/4, entitled "Follow-up to the Marrakech declaration on the prevention of corruption", and of the recommendations made by the Working Group at its meeting held in September 2014: good practices and initiatives in the prevention of corruption

Measures to prevent money-laundering (article 14 of the United Nations Convention against Corruption)

Note by the Secretariat

I. Introduction

1. In its resolution 5/4, the Conference of the States Parties decided that the Open-ended Intergovernmental Working Group on the Prevention of Corruption should continue its work to advise and assist the Conference in the implementation of its mandate on the prevention of corruption and should hold at least two meetings prior to the sixth session of the Conference, to be held in 2015. At its second meeting, held in Vienna from 22 to 24 August 2011, the Working Group recommended that in advance of each future meeting of the Working Group States parties should be invited to share their experiences of implementing the provisions under consideration, preferably by using the self-assessment checklist and including, where possible, successes, challenges, technical assistance needs and lessons learned in implementation. The Working Group requested the Secretariat to prepare background papers synthesizing that information and decided that panel discussions should be held during its meetings, involving experts from countries who had provided written responses on the priority themes under consideration.

* CAC/COSP/WG.4/2015/1.

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2. The Conference further decided that the Working Group shall continue to follow the multi-year workplan, in accordance with which, the Working Group, at its meeting held in September 2014, decided that its sixth meeting would focus its attention on the following topics:

(a) Measures to prevent money-laundering (article 14 of the United Nations Convention against Corruption);

(b) Integrity in public procurement processes and transparency and accountability in the management of public finances (articles 9 and 10 of the Convention).

3. At its second meeting, held in Vienna from 22 to 24 August 2011, the Working Group recommended that in advance of each future meeting of the Working Group States parties should be invited to share their experiences of implementing the provisions under consideration, preferably by using the self-assessment checklist and including, where possible, successes, challenges, technical assistance needs and lessons learned in implementation. The Working Group requested the Secretariat to prepare background papers synthesizing that information and decided that panel discussions should be held during its meetings, involving experts from countries who had provided written responses on the priority themes under consideration.

4. In compliance with the request of the Conference, the present note has been prepared on the basis of information relating to the implementation of article 14 of the Convention provided by States in response to the Secretary-General's note verbale CU 2015/58/DTA/CEB of 10 March 2015 and the reminder note verbale CU 2015/97(A)/DTA/CEB of 24 April 2013.[1] By 29 May 2015, submissions had been received from 30 States. The submissions from the following 28 States contained information relating to the topic of measures to prevent money-laundering (article 14): Algeria, Argentina, Armenia, Austria, Bahrain, Belgium, Czech Republic, Cyprus, Ecuador, Egypt, El Salvador, Germany, Honduras, Kuwait, Lebanon, Malaysia, Mexico, Oman, Philippines, Portugal, Republic of Moldova, Russian Federation, Spain, State of Palestine, Switzerland, Turkey, United States of America and Uruguay.

5. With the agreement of the countries concerned, the full text of the submissions have been made available on the page of the United Nations Office on Drugs and Crime (UNODC) website devoted to the meeting[2] and will also be incorporated into the thematic website of the Working Group developed by the Secretariat.[3]

6. In accordance with resolution 5/4, the Secretariat also sought inputs from the private sector in relation to the topics under consideration at the present meeting of the Working Group. No submissions from the private sector were received by the deadline.

7. The present note does not purport to be comprehensive, but rather endeavours to provide a summary of the information submitted by States parties and signatories.

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[1] An account of good practices in the area of integrity in public procurement processes and transparency and accountability in the management of public finances in the context of articles 9 and 10 of the Convention is provided in a separate note by the Secretariat (CAC/COSP/WG.5/2015/1).

[2] www.unodc.org/unodc/en/treaties/CAC/working-group4.html.

[3] www.unodc.org/unodc/en/corruption/WG-Prevention/working-group-on-prevention.html.

II. Analysis of submissions of States parties and signatories

A. Thematic background

8. Article 14 of the United Nations Convention against Corruption sets out a number of measures — some mandatory and some strongly recommended — that are intended to ensure that States parties have in place a legal and administrative framework to deter and detect money-laundering. The overall objective is to provide a comprehensive regime that facilitates the identification of money-laundering activity and promotes information exchange among a range of competent authorities to combat money-laundering.

9. A key element in the fight against money-laundering is the involvement of financial institutions and other bodies susceptible to money-laundering in preventing the introduction of ill-gotten funds into the financial system, in detecting suspicious transactions and in facilitating the tracing, freezing and confiscating the funds involved in such transactions.[4] In line with article 14 of the Convention, States must require their financial institutions and other relevant bodies to follow specific due diligence measures, including "know-your-customer" measures,[5] record-keeping[6] and reporting suspicious transactions to national authorities. These procedures need to be part of a comprehensive regulatory and supervisory regime that, in addition to the prevention of money-laundering, facilitates the required domestic and international cooperation.

10. Coordination of efforts and international cooperation are central to addressing the problem of money-laundering. Article 14, paragraph 1 (b) therefore requires that administrative, regulatory, law enforcement and other domestic authorities responsible for the prevention and detection of money-laundering are able to cooperate at both the national and international levels. This includes the exchange of information within any conditions prescribed by their domestic law. Such cooperation should not limit or detract from (or in the words of the Convention, "without prejudice to") the application of article 46 (mutual legal assistance).

11. As part of an effective anti-money-laundering regime, and as referred to in article 14, paragraph 1 (b),[7] many States have established financial intelligence units to collect, analyse, disseminate and exchange relevant information efficiently. The structures, responsibilities, functions, departmental affiliations and independence of such units vary and States can adopt a model that best suits their legal, constitutional, and administrative arrangements. The Convention does not

[4] Articles 31, 46, 52, 57 and 58 of the Convention, concerning the freezing, seizure, confiscation and disposal or return of proceeds from offences established under the Convention, the collection of information and international cooperation, are relevant in this regard.

[5] The "know-your-customer" rule, a well-established principle of prudential banking law, is the cornerstone of the preventive obligations. Starting from a simple formal identification rule, it proved to be a very dynamic concept whose ultimate developments are reflected in detail in article 52 of the Convention.

[6] In this regard, States parties may consider extending the record-keeping obligation for transactions carried out by the persons mentioned in article 52 of the Convention.

[7] Article 14, paragraph 1 (b) of the Convention should be read in conjunction with article 58 which also makes specific reference to financial intelligence units. For further information, please see CAC/COSP/WG.2/2013/2.

require that a financial intelligence unit be established by law, but legislation may still be required to require financial institutions to report suspicious transactions to such a unit and to protect financial institutions that disclose such information in good faith from legal action.

12. In order to develop capacity to cooperate internationally, States are required by article 14, paragraph 2, to consider the introduction of practical measures to monitor the cross-border movement of cash and other monetary instruments. The goal of these measures is to allow States to detect and monitor the movement of cash and negotiable instruments across their borders, subject to safeguards to ensure proper use of information and without impeding the legitimate movement of capital. In practice, countries can implement those measures through a declaration system which requires all persons making a physical cross-border movement of cash and other monetary instruments, which are of a value exceeding a pre-set threshold, to submit a declaration to the designated competent authorities, and/or disclosure system which requires travellers to provide the authorities with appropriate information upon request.

13. Paragraph 3 of article 14 recommends that States parties consider implementing appropriate and feasible measures to require financial institutions, including money remitters: (a) to include on forms for the electronic transfer of funds and related messages accurate and meaningful information on the originator; (b) to maintain such information throughout the payment chain; and (c) to apply enhanced scrutiny to transfers of funds that do not contain complete information on the originator.

14. The Convention further builds on related international initiatives to combat money-laundering. In establishing a domestic regulatory and supervisory regime, paragraph 4 calls on States parties to use the relevant initiatives and standards of regional, interregional and multilateral organizations against money-laundering[8] as a guide.

15. Finally, paragraph 5 of article 14 requires that States endeavour to develop and promote global, regional, subregional and bilateral cooperation among judicial, law enforcement and financial regulatory authorities in order to combat money-laundering.

B. Measures adopted by States to establish a comprehensive domestic regulatory and oversight regime to deter and detect money-laundering

16. All States parties that provided submissions reported that they had established a comprehensive domestic regulatory and oversight regime to prevent and detect

[8] During the negotiations on the Convention, the words "relevant initiatives of regional, interregional and multilateral organizations" were understood to refer in particular to the Forty Recommendations and the Eight Special Recommendations of the FATF, as revised in 2003 and 2001, respectively, and, in addition, to other existing initiatives, such as the Caribbean Financial Action Task Force, the Commonwealth, the Council of Europe, the Eastern and Southern African Anti-Money-Laundering Group, the European Union, the Financial Action Task Force of South America against Money Laundering and the Organization of American States (A/58/422/Add.1, para. 21).

money-laundering. In accordance with the Convention, most States described their regimes as requiring, as a minimum, that banks and non-bank financial institutions implement effective customer identification, accurate record-keeping, and a mechanism for detecting and reporting suspicious transactions.

Regulatory and supervisory regime

17. With regard to the institutional anti-money-laundering framework, many States have established general regulatory and supervisory bodies with responsibility for imposing standards of conduct on financial institutions, such as banks, insurance companies, securities firms and currency exchanges. Many countries have also given those regulatory bodies the responsibility of imposing measures that are designed to prevent the laundering of proceeds of crime. However, some States have allocated this task to a separate body (see sect. C. below), thereby concentrating the expertise on the laundering of proceeds of crime in one dedicated body.

18. The United States, for example, reported that there were a large number of regulatory authorities responsible for anti-money-laundering and counter-terrorism financing (AML/CFT) supervision at the federal, state and industry level. In addition to federal regulators, much of the regulation and supervision is also done at the state level, especially for some financial services, corporate registries, and gaming. There were also self-regulatory organizations for some industries, some of which (such as the Financial Industry Regulatory Authority and the National Futures Association) overlay and act in concert with federal and state regulators. In addition, the United States noted that there were regulatory bodies that regulate professions, such as state bar associations that regulate lawyers. The first and most comprehensive American federal AML/CFT statute, the Bank Secrecy Act, authorized the Secretary of the Treasury to issue regulations requiring banks and other financial institutions to take a number of precautions against financial crime, including the establishment of anti-money-laundering programmes, the filing of reports and the keeping of records that have been determined to have a high degree of usefulness in criminal, tax, and regulatory investigations and proceedings, and certain intelligence and counter-terrorism matters.

19. Malaysia indicated that the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 was the primary statute governing this regime in Malaysia. The Act criminalized money-laundering and terrorism financing and set out the measures to be undertaken for the prevention of money-laundering and terrorism financing.

20. In Portugal, the National Council of Financial Supervisors was set up in 2000 to enhance cooperation, including cooperation in money-laundering prevention, between the three supervisory authorities, namely the Central Bank, the Portuguese Insurance Institute and the Securities Market Commission. Portugal reported that the Council facilitated and coordinated information exchange between the three supervisory authorities, promoted the development of supervisory rules for financial institutions, formulated proposals for the coordination of efforts where supervisory activities performed by the various supervisory bodies overlap, and promoted the establishment or adoption of coordinated policy measures with foreign entities and international organizations.

21. Argentina reported that it had established a dual system of supervision of regulated entities: the supervisory regime in the financial, securities and insurance sectors was structured based on oversight by the financial intelligence unit in collaboration with the respective specific regulatory bodies. Supervision of the remaining sectors was based on the recommendation of a "committee of selectivity based on risk", made up of officials of the financial intelligence unit, to the president of the unit on which sectors should be supervised and established supervisory procedures to be followed based on the level of risk presented by those particular sectors.

22. In Switzerland, the money-laundering preventive system provided for due diligence duties, whether in the banking or para-banking system, in terms of the obligation to identify the beneficial owners, including legal persons, the source of funds and additional clarifications for business relationships involving politically exposed persons. Financial intermediaries were also required to report suspicious transactions to the financial intelligence unit, which is attached to the Federal Police Office. It was noted that this unit analysed suspicious transactions reports and transmitted the information to the prosecuting authorities.

23. The Philippines noted that the government agencies primarily responsible for implementing money-laundering preventive measures and for monitoring compliance offered anti-money-laundering training to various stakeholders, including salesmen and associated persons and compliance officers of broker-dealers. In 2013, the Anti-Money Laundering Council conducted a total of 298 seminars for various stakeholders, law enforcement agencies, academia and the private sector. An additional 50 seminars were delivered to the compliance officers of covered institutions on the reporting procedures, including guidance on the electronic submission of covered and suspicious transaction reports.

24. In Turkey, it was reported that the levels of compliance of "obliged parties" listed in the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism were monitored annually and supervised by the financial intelligence unit of Turkey. Supervision of "obliged activities" was based on annual supervision programmes or individual compliance inspections and was carried out by inspectors drawn from "Tax Inspectors, Customs and Trade Inspectors, Sworn-in Bank Auditors, Treasury Comptrollers, Insurance Supervisory Experts and Actuaries, Banking Regulation and Supervision Agency personnel and Capital Markets Board Experts". The sectors to be supervised annually were selected by the financial intelligence unit after consulting with the relevant regulatory and supervisory authorities.

25. Algeria reported that the Banking Commission ensured that banks and financial institutions have appropriate anti-money-laundering policies and procedures and could open a disciplinary action against non-complaint entities. In Bahrain, the Central Bank supervised the entire financial sector, including Bahrain's financial markets and the insurance sector. The Bank also had a sanctioning power in case of non-compliance. Inspectors of the Bank conducted on-site and off-site examinations to ensure, inter alia, proper implementation of the money-laundering preventive measures.

26. In Lebanon, the Special Investigation Commission, the financial intelligence unit, was also a regulatory and supervisory authority with regard to

money-laundering preventive measures. Egypt highlighted that, in addition to the financial intelligence unit, different authorities supervised the proper implementation of money-laundering measures in different sectors.

27. In Kuwait, the Central Bank, the Ministry of Trade and Industry and the Financial Market Authority were identified as the supervisory authorities which conduct onsite compliance examinations to ensure proper implementation of the money-laundering measures by relevant entities. The anti-money-laundering legislation further provided for financial penalties in case of non-compliance, which could be imposed without prejudice to any criminal sanctions.

28. In the State of Palestine, the Anti-Money-Laundering Law no. 7 of 2007 provided for money-laundering preventive measures to be implemented by financial institutions and a number of non-financial institutions, and tasked the Monetary Authority and the Financial Intelligence Unit with the task of supervising the proper implementation of such measures.

Institutions and activities subject to preventive anti-money-laundering obligations

29. The Convention requires States parties to extend preventive anti-money-laundering obligations to banks, non-bank financial institutions (e.g. insurance companies and securities firms) and, where appropriate, other bodies that are especially susceptible to money-laundering (art. 14, para. 1 (a)).[9] In compliance with the Convention, most States have extended their regimes to apply not only to banking institutions, but also to areas of commerce or service where high turnover and large transaction volumes make money-laundering more likely.

30. Due to the fact that money-laundering activities have taken place in the real estate sector and in the trade of commodities such as gold and precious metals and stones, in many countries the list of institutions has been expanded beyond financial institutions to include so-called "designated non-financial businesses and professions", as understood in the Financial Action Task Force (FATF) Recommendations.[10] For example, Cyprus stated that pursuant to its Prevention and Suppression of Money Laundering Activities Law, a number of financial institutions, organizations and professional bodies, including banking institutions, cooperative institutions, providers of money transfer services, stockbroking firms, private collective investment schemes, insurance companies, accountants/auditors, lawyers (in certain circumstances), real estate agents, dealers in precious metals and precious stones/jewellers, and trust and company service providers were obliged to comply with the law in order to assist in combating money-laundering.

[9] To make the best use of the anti-money-laundering regime in place at financial institutions in supporting asset recovery efforts, article 52 complements the relevant provisions of article 14 by putting an emphasis on a risk-based approach and a focus on individuals who are or have been entrusted with prominent public functions (known as "politically exposed persons") and their family members and close associates. For more information, please see CAC/COSP/WG.2/2014/2.

[10] The FATF Recommendations: International Standards on Combating Money Laundering and the Financing Of Terrorism & Proliferation, 2013: www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf. See, in particular, Recommendation 1 and the General Glossary.

31. Turkey reported that, in addition to financial institutions, many non-financial institutions and professions were identified as "obliged groups". These non-financial obliged groups included the designated non-financial businesses and professions as defined in the FATF recommendations' general glossary (except trusts and casinos which were not operating in Turkey), as well as other obliged groups such as cargo companies, vehicle dealers, dealers and auctioneers of historical artefacts, lotteries, betting and sport clubs and the Directorate General of the Turkish Mint.

32. In Uruguay, in addition to those entities under the control of the Central Bank of Uruguay, other entities and activities were required to report suspicious transactions, including casinos, real estate companies and other intermediaries in transactions involving property, scribes, auctioneers, people engaged in buying and selling antiques, works of art and precious metals and stones, operators of free zones, and people who routinely administer commercial companies on behalf of third parties.

33. Switzerland reported that non-financial businesses and professionals were not treated as separate sectors but rather were subject to due diligence requirements according to the particular class and type of professional financial intermediation performed. The due diligence requirements imposed on financial intermediaries were contained in the federal law dealing with the fight against money-laundering and financing of terrorism in the financial sector which provided a non-exhaustive list of financial intermediary activities that were subject to the law.

34. A number of States, such as El Salvador, Honduras, Mexico, the Philippines and Portugal, pointed out that formal remitters and informal value-transfer systems, such as *hawala* and *hundi*, were subject to a regulatory regime for the purpose of detecting money-laundering, terrorist financing and other offences.

Minimum requirements for regulated institutions or activities

35. Several States highlighted their legal provisions which required the identification of persons or entities with whom financial relationships were established, keeping original records of financial transactions, and reporting suspicious transactions. Some countries noted in this regard the importance of adopting policies and procedures for the acceptance of new clients, the management and evaluation of risks of money-laundering and terrorist financing, and a periodic update and review of such processes.

36. As an example, Austria reported that, in addition to the identification of the customer, the beneficial owner, the trustee and the trustor, reporting entities were required to obtain further background information on the business relationship and to monitor transactions applying a "risk-based approach".

37. In Kuwait, financial institutions and designated non-financial businesses and professions were required to establish appropriate procedures to identify and evaluate the risks of money-laundering and terrorism financing presented by various types of financial activity and then to manage these risks and to limit their effects. Such activities specifically related to clients, the countries or areas where the clients carried out their businesses or were the source or destination of transactions, the nature of the products and services, and the methods by which products and services were provided.

The preventive principles of "know your customer" and "know your beneficial owner"

38. Many States referred to the requirement for customer identification entailing the need for holders of accounts in financial institutions and other parties to financial transactions to be identified and documented. Several States emphasized that records should contain sufficient information to identify involved parties, the nature of the transaction, specific assets and the amounts or values involved and to permit the tracing of the source and destination of all funds or other assets.

39. Kuwait and Egypt indicated that their laws against money-laundering and financing of terrorism prohibited banks and institutions from opening or retaining any anonymous accounts or accounts under a false name.

40. The Russian Federation noted that special attention was being paid to the prevention of the spread of shell companies and illegal schemes to register legal entities using false identification.

41. With regard to the identification of beneficial owners, Cyprus pointed out that, according to its Prevention and Suppression of Money Laundering Activities Law, there was an obligation to identify the natural persons who controlled 10 per cent or more of a legal entity.

42. Malaysia indicated that under the Securities Industry (Central Depositories) Act 1991 (Act 453), the term "beneficial owner", in relation to deposited securities, was defined as the ultimate owner of the deposited securities, which was the person who was entitled to all rights, benefits, powers and privileges and was subject to all liabilities, duties and obligations in respect of, or arising from, the deposited securities, which did not include a nominee of any description.

43. The Czech Republic reported that if there was no identifiable beneficial owner based on the percentage of ownership or control, then an obligation arose to identify the natural person with the greatest element of control of an entity. Anonymous transactions were forbidden in any relationships, including an agreement to establish an account, to use a safety deposit box or to make various forms of deposit. Customer identification was performed based on the official identity card issued by the appropriate state authority only and officials were trained to recognize fake documents. Customer due diligence and the creation of a risk profile were performed at the beginning of the business relationship. Pursuant to the anti-money-laundering act and other legislation, anonymous transactions are prohibited in one-off transactions of 1,000 euros or more. Exceptions are permitted only in accordance with the simplified customer due diligence principles established by the FATF Recommendations.

44. In the Czech Republic, the Financial Analytical Unit of the Ministry of Finance issued guidance related to the amendments to Act No. 253/2008 Coll., on Selected Measures against Legitimisation of Proceeds of Crime and Financing of Terrorism (the AML Act), that have been effective from 2014. The guidance has been published on its website. This guidance included detailed instructions for "obliged entities" on how to identify the beneficial owner of the client and how to detect and identify silent partners which might amount to beneficial ownership. The guidelines further set out an obligation to trace the beneficial owner to the specific natural person according to the amended FATF Recommendations.

45. Uruguay referred to a legislative reform obliging to identify shareholders of national entities. Pursuant to the new legislation, Law No. 18.930 enacted on 17 July 2012, the Central Bank of Uruguay maintained a registry in order to identify the holders of bearer shares issued by corporations, limited joint-stock partnerships, agricultural associations and other entities such as trusts not controlled by the Central Bank of Uruguay. Foreign entities that were permanently established in the country or that had management offices in Uruguay were also required to report to the registry of the Central Bank even when their ordinary shares are registered identifying the share-holder.

Record-keeping

46. Several countries reported on their requirements for record keeping indicating that client and transaction records had to be kept for a specified minimum period of time. For example, according to the anti-money-laundering and counter-terrorist financing law of the Republic of Moldova, financial institutions were required to keep records of identification information and documents of natural persons, legal persons and their beneficial owners, and historical records of accounts and primary documents, including business correspondence, for a period of least five years after the business relationship ended or the bank account was closed. Upon the request of a supervisory authority, the reporting entities could be required to extend the record-keeping period.

47. In Oman, financial institutions, non-financial businesses and professions, and non-profit associations and bodies were required to retain records, documents, information and data relating to the identity of clients and beneficiaries and their activities, as well as a transaction log in accordance with the provisions of the Law of Anti-Money Laundering and Combating the Financing of Terrorism issued by Royal Decree No. 79/2010. Such records should be retained for a period of ten years commencing from the date of the transaction, the closing of an account or the end of a business relationship, whichever is the later. Upon request, these records and documents should be provided to the judicial authorities.

Mechanisms for the reporting of suspicious transactions

48. All States parties reported that they have put in place a system requiring institutions to report suspicious transactions to the financial intelligence unit or another designated agency.

49. Kuwait indicated that, in an effort to tighten regulations on suspicious transactions, financial institutions and specified non-financial businesses and professions were required to inform the Kuwaiti financial intelligence unit, within a maximum of two working days, of any transaction or attempted transaction, regardless of its value, if it was suspected to involve criminal proceeds, money-laundering, terrorism financing or could be used to carry out such actions.

50. Cyprus stressed the importance of training employees of reporting entities covered by the AML/CFT law on the recognition and handling of transactions suspected to be associated with money-laundering and the financing of terrorism.

51. In a similar vein, Turkey reported that its financial intelligence unit organized 10 training activities for "obliged groups" which were attended by 566 participants. In addition to training activities, the financial intelligence unit prepared guidelines

and brochures for the obliged parties, organized annual meetings with the compliance officers of financial institutions and provided feedback about the quality, quantity and trends of suspicious transaction reports as well as examples of good practice.

52. Many countries reported that they had legislation that overrode banking secrecy laws to require financial institutions to report suspicious transactions.[11] In order to improve access to banking information by intelligence and investigative agencies authorized to conduct operational and search activities, the General Prosecutor's Office of the Russian Federation had developed a draft law that would allow officials of such bodies, based on a court order, to request information from banking institutions on transactions and accounts of legal persons and individual entrepreneurs, as well as of natural persons.

Cross-border movement of cash and negotiable instruments

53. The Convention recommends that States parties adopt a declaration system requiring all persons physically transporting cash or designated negotiable instruments across a border to submit a declaration to the designated competent authorities. The majority of the States parties reported that they have adopted such measures to detect and monitor the cross-border movement of cash as well as of "appropriate negotiable instruments".

54. The Philippines, for example, indicated that it had such a cross-border declaration requirement. In order to ensure its effective implementation, a Memorandum of Agreement was signed on 17 January 2005 between relevant national authorities including the Central Bank of the Philippines, the Anti-Money Laundering Council, the Bureau of Customs, the Manila International Airport Authority, the Philippine National Police, the Bureau of Immigration and the Air Transportation Office (now the Civil Aviation Authority of the Philippines). Under the terms of the agreement, the parties were to adopt measures to monitor and detect the physical cross-border transport of currency and bearer negotiable instruments, including a declaration system or other disclosure obligations.

55. Similarly, the Republic of Moldova explained that the import and export of currency and cheques above a threshold of the equivalent of 10,000 euros was subject to mandatory declaration to customs authorities. According to the provisions of AML/CFT Law, the Customs Service is required to provide the Office for Prevention and Control of Money Laundering with all the information on the currency declarations (with the exception of banking cards) made at the border by natural and legal persons in accordance with articles 33 and 34 of the Law no. 62/XVI of 21 March 2008 on the regulation of currency. The Customs Service was further required to inform Office within 24 hours of any information linked to identified cases of introduction of foreign currency and/or illegal carriage of currency.

56. Argentina noted that its financial intelligence unit regularly participates in cross-border currency transfer controls performed jointly with member States of the Financial Action Task Force of Latin America (GAFILAT). In this regard, under the

[11] See also paras. 1-3 of article 52 of the Convention, on the prevention and detection of transfers of proceeds of crime.

XII Exercise of Intensified Monitoring of Border Transfers of Cash and Negotiable Instruments held on 4 and 5 May 2015 under the coordination of the Argentinian financial intelligence unit, two gold bars weighing two kilograms each, 854,900 Argentine pesos in cash, $89,410 in cash and 13 kilograms of cocaine were all seized.

57. In 2007, Belgium introduced an obligation to declare cross-border movements of cash or bearer instruments in excess of 10,000 euros. For cross-border movements in and out of the European Union, the declaration is mandatory. In the case of cross-border movements within the European Union, the declaration should be done upon request of a competent authority, such as customs or the police.

58. In Algeria, the declaration was required for any cross-border movement of cash in excess of 7,000 euros. In Egypt and Palestine, it was reported that the Customs Department has the authority to seize funds in case of a false declaration or where it is suspected that funds relate to a money-laundering offence.

Electronic money transfers

59. To address issues concerning the identification of remitters and beneficiaries and the traceability of transactions, several countries highlighted measures that had been adopted to ensure that electronic transfer systems were subjected to the same level of scrutiny as other financial transactions.

60. Kuwait, for example, reported that it required financial institutions carrying out cross-border electronic transfers to gather accurate information on the party ordering the transfer, the beneficiary and all related messages, and to ensure that such information is maintained throughout all the stages of the payment process. The information attached to all the electronic transfers should include the following: full name, number of the account, address of the party ordering the transfer, the name and identification number or place and date of birth of the beneficiary and the account number used for the transaction. Kuwait also required financial institutions that are party to domestic electronic transfers to ensure that the message related to the payment process contained information on the party ordering the transfer. Lastly, Kuwait stated that financial institutions should monitor electronic transfers in order to identify transfers that did not contain information on the party ordering the transfer or the beneficiary and to take appropriate measures where this occurs.

61. Argentina reported that it required money remittance companies to update the data obtained for completing customer identification when unusual transactions were detected, when major transactions were conducted, when there were relatively major changes in the client modus operandi, when there was a suspicion of money-laundering and/or terrorist financing and/or when, within the risk parameters adopted by the regulated entity, the update was considered necessary.

62. In Mexico, banks, money transmitters, brokerages, exchange offices and popular credit and savings institutions were obliged to report monthly all transfers of amounts equal to or greater than $1,000 or its equivalent in the currency in which the transfer was made. It was reported that these institutions were further required to submit a quarterly report for each purchase transaction, receipt of deposit, receipt of payment of loans or services or transfers of funds in cash using United States dollars for amounts equal to or greater than $500 for known customers or $250 in the case of occasional users. Mexico further identified challenges faced in providing

oversight to the manner in which some banks and obliged reporting entities implemented measures to prevent money-laundering.

C. Measures adopted by States to consider or establish financial intelligence units

63. All States parties reported that they had established financial intelligence units to collect, analyse and exchange relevant information in accordance with their laws. The structures, responsibilities, functions, departmental affiliations and independence of such units varied and States have adopted models that best suit their legal, constitutional and administrative arrangements. In some countries, the financial intelligence unit was purely administrative in that it focused on collation, analysis, and distribution of intelligence and information. In other cases, it was reported that the financial intelligence unit had the authority to carry out investigations and might even be able to prosecute or to seize and freeze assets.

64. In Austria, the Austrian Financial Intelligence Unit, established by the Criminal Intelligence Service Act, had a dual function as the central investigation department within the country's anti-money-laundering/counter-terrorist financing system. It was reported that the unit served as national centre for the receipt, analysis and dissemination of suspicious transaction reports transmitted by reporting entities and other information relevant to money-laundering, associated predicate offences and terrorist financing and was also the central department responsible for fighting money-laundering in Austria.

65. The Republic of Moldova indicated that its financial intelligence unit, the Office for Prevention and Control of Money Laundering, while situated within the operational structure of the National Anti-Corruption Centre, was established by the AML/CFT Law as an independent subdivision with clearly distinct powers and functions. In particular, these functions included the prevention and detection of money-laundering and financing of terrorism, the preparation and implementation of policies and strategies on the prevention and detection of money-laundering and financing of terrorism and the implementation of applicable international standards.

66. In Malaysia, the Financial Intelligence Unit was established within the Financial Intelligence and Enforcement Department of the Central Bank to manage and provide comprehensive analysis on financial intelligence relating to money-laundering and terrorist financing. The financial intelligence received might come from suspicious and covered transaction reports received from reporting institutions, local law enforcement agencies and foreign financial intelligence units. It was reported that the financial intelligence information was then disseminated to the respective law enforcement agencies for further action.

Anti-money-laundering networks

67. In accordance with article 58 of the Convention, at the international level, the crucial agency for exchanging financial information is usually the financial intelligence unit. States reported that their financial intelligence units exchanged information on the basis of reciprocity or through bilateral or regional agreements. Such agreements usually further encourage spontaneous cooperation such as the transmission of relevant information without prior request.

68. Most States parties reported that their financial intelligence units were members of the Egmont Group of Financial Intelligence Units. The Egmont Group is an international organization that works to foster the development of financial intelligence units and meets regularly to encourage cooperation between financial intelligence units, especially in the areas of information exchange, training, and the sharing of expertise.

69. Several States noted the added value of participating in international fora such as the Financial Action Task Force (FATF) and the FATF-style regional bodies.[12]

70. In the context of these networks, Belgium highlighted that it gave trainings on a regular basis to the financial intelligence units of member States of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). Similarly, with the aim of promoting bilateral cooperation, Portugal stated that it supported the Portuguese-speaking countries with training activities, translation of legislation, preparation of legislation, and the establishment and further development of financial intelligence units. Mexico also indicated that it was providing technical assistance to members of the Caribbean Financial Action Task Force (CFATF).

71. The Czech Republic noted that its financial intelligence unit received technical assistance from the FIU.NET Bureau and had become part of the FIU.NET network. FIU.NET is a decentralized computer network supporting the financial intelligence units in the European Union in their fight against money-laundering and terrorist financing.

72. In Lebanon, the financial intelligence unit was reported to be the sole authority which could exchange banking information on the international level in accordance with the law. Lebanon further stated that its financial intelligence unit was a member of Egmont Group and its Secretary had recently been elected as the Middle East and North African regional representative to the Group.

73. Egypt reported that its financial intelligence unit was a member of the Egmont Group since 2004 and had played a key role in this body through its membership in the Outreach Working Group and the Legal Working Group. It had also sponsored a number of financial intelligence units to become members of the Group.

74. The Republic of Moldova indicated it was a member of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). Likewise, Armenia also indicated it was a member of MONEYVAL and maintained observer status within the Euroasian Group on Combating Money Laundering and Terrorism Financing (EAG). Armenia has also been a member of the Egmont Group since 2007.

[12] The Asia/Pacific Group on Money Laundering (APG), the Caribbean Financial Action Task Force (CFATF), the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the Eurasian Group (EAG), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Financial Action Task Force of Latin America (GAFILAT), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), or the Middle East and North Africa Financial Action Task Force (MENAFATF).

D. Measures demonstrating the use of mutual legal assistance and administrative or judicial cooperation in cases of money-laundering among law enforcement, judicial authorities and financial regulatory authorities

75. Many States reported that a central component of efforts to cooperate by exchanging information in many States had been to conclude memorandums of understanding that enabled their respective financial intelligence units to expeditiously exchange information among each other or through regional networks. Some States parties that provided contributions to this report, including Argentina, the Philippines and Turkey, listed a number of financial intelligence units with whom they exchange information. Several States parties, such as Argentina, Armenia, Austria, Honduras, Lebanon, Malaysia, the Philippines, the Republic of Moldova, Spain, Switzerland, Turkey and the United States, also noted that they exchange information through anti-money-laundering networks such as the Egmont Group, GAFILAT, the Eurasian Group and MONEYVAL.

76. For instance, Turkey reported that its financial intelligence unit had signed 48 memorandums of agreement with peer agencies. It was also a member of the Egmont Group and provided information through the safe network administered by Egmont (ESW). Turkey reported that the exchange of information between its financial intelligence unit and its foreign counterparts occurred without any major coordination challenges while using ESW platform.

77. The Swiss financial intelligence unit was reported to be a member of the Egmont Group and noted that it could directly and quickly exchange financial information with its foreign counterparts.

78. In the United States, the Financial Crimes Enforcement Network exchanged information with financial intelligence unit counterparts through the Egmont Group. It was reported that it was also a member of the Financial Action Task Force and participated in FATF-style regional bodies.

79. The Austrian financial intelligence unit reported that it exchanged information with peer financial intelligence units using ESW, FIU.NET as well as INTERPOL and Europol channels, avoiding involvement of third parties.

80. Portugal indicated that its financial intelligence unit cooperated directly with financial intelligence units counterparts. Likewise, the Criminal Police may cooperate with peer police agencies through memorandums of understanding and police channels such as Europol and INTERPOL. The judiciary, for its part, provided international cooperation within the framework of mutual legal assistance as regulated by law.

81. In Argentina, the financial intelligence unit was part of information exchange networks, primarily GAFILAT and the Egmont Group. The unit had also signed memorandums of understanding with 29 financial intelligence units in Latin America, Europe, Asia and Oceania. Argentina noted that further international cooperation in anti-money-laundering was provided through the framework of multilateral United Nations treaties, including the Convention against Corruption.

82. Spain indicated that its financial intelligence unit regularly exchanged information and intelligence with 42 agencies on asset recovery within the European Union and with Iberoamerican countries.

83. Honduras was reported to be a member of the Egmont Group and it had signed memorandums of agreement with 19 countries, primarily in the Americas. In addition, Honduras noted that its legislation allowed the financial intelligence unit to support and provide assistance to other peer financial intelligence units on anti-money-laundering.

84. In Algeria, the FIU was allowed by law to communicate with foreign FIUs. This country also reported that it provided international cooperation on the basis of multilateral treaties, including the Convention against Corruption, and on the basis of recommendations from FATF. A number of countries, including Armenia, Belgium, the Czech Republic, the Republic of Moldova and Turkey, provided statistical information on the number of requests for cooperation sought and the number of requests received. Additionally, the Czech Republic provided statistics on the number of times that spontaneous information on money-laundering was received from abroad as well as the number of times that spontaneous information was provided by the Czech financial intelligence unit to foreign peer financial intelligence units. According to the data provided, the number of exchanges of spontaneous information represented more than half of the number of official financial intelligence unit requests received and requested.

85. Some States also informed that they cooperate in the forms of mutual legal assistance, extradition and transfer of prisons, on the basis of bilateral and multilateral agreements, including the Convention against Corruption, and on the basis of reciprocity. Kuwait, for example, noted that it provided mutual legal assistance on the basis of reciprocity and on the basis of bilateral and multilateral agreements. El Salvador, for its part, noted that the country provided mutual legal assistance on the basis of bilateral and multilateral treaties, including the Convention against Corruption.

86. In the case of the Republic of Moldova, it was reported that the financial intelligence unit provided cooperation, including the transmission of spontaneous information, to peer financial intelligence units. This State also submitted statistical information on mutual legal assistance and extradition cases for offences of money-laundering.

87. Ecuador reported that in order to strengthen the procedures for international cooperation in criminal matters, it had developed a module for international criminal assistance, consisting of a procedural manual to guide criminal justice officials in processing requests for international assistance in a timely manner. It had further implemented an information technology based system to enhance oversight and standardize procedures.

E. Coordination challenges among relevant agencies responsible for combating money-laundering with regard to monitoring compliance concerning global, regional and bilateral cooperation

88. A number of States parties, including Chile, Honduras, Lebanon, Mexico and Turkey, referred specifically to coordination challenges. These challenges included coordination among agencies, ensuring quality standards and the varying times of response from country to country. Other challenges identified were insufficient financial and human resources to train operational staff involved in the procedures of exchanging information at the global, regional and bilateral level.

89. For instance, Honduras noted that there was a need for the organizations facilitating coordination to join efforts and issue unified standards to facilitate the effective implementation of standards by States. Honduras highlighted that this would result in a larger and improved regional and global coordination among peer agencies.

90. Lebanon highlighted that delays in necessary legislative reform also posed challenges in combatting money-laundering.

91. Mexico noted some challenges in the coordination among anti-money-laundering agencies in providing cooperation at bilateral, regional and global levels. It also referred to the fact that limited financial and technical capacity of anti-money-laundering agencies impaired effective cooperation.

92. Turkey overcame challenges in ensuring secure communication by improving its information technology systems and capacities. This in turn improved managerial capacity, allowing for uninterrupted service, easier management and the efficient use of resources. For instance, as a result of implementing an integrated financial intelligence system, Turkey reported that the analysis of data had become more efficient.

93. Chile, for its part, mentioned the development of a national anti-money-laundering strategy to strengthen its national framework. Chile suggested that countries should consider publishing statistics on responses and consultations received so as to minimize cases where responses were not made or were of low quality. It also noted the need to clearly identify a focal point available at any time to handle requests for cooperation and exchange of information.

94. Chile further identified challenges arising from the diverse standards in the application of preventive anti-money-laundering measures by obliged entities. As possible actions to overcome existing challenges, Chile suggested strengthening the networking among the different entities with supervisory functions and improving the transfer of expertise in procedures, alert signals and statistics on suspicion transaction reports.

III. Conclusions and recommendations

95. The submissions provided by States parties ahead of the meeting of the Working Group clearly demonstrate that States are already familiar with the relevant implementation measures in relation to article 14 of the Convention and the

knowledge base of States when considering whether they have met the requirements of the Convention is at an advanced state. The submissions provided by States parties also show sound experience in exchange of information among financial intelligence units.

96. In preparation for the next implementation review cycle, States parties may wish to discuss how to review the provisions of article 14. Those States parties who have been active in assessing their implementation of chapters II or V of the Convention may wish to share their experiences with regard to article 14 in order to enrich and inform the discussion.

97. Article 52 of the Convention builds on the prevention measures of chapter II of the Convention, especially those of article 14, paragraph 1 (a), which requires States parties to institute a comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions that has requirements for the identification of customers and beneficial owners, record-keeping and the reporting of suspicious transactions, in order to deter and detect all forms of money-laundering. In this regard, States parties may wish to discuss how to link the review of article 14 with the review of article 52 of the Convention.

98. The Working Group may also wish to consider discussing possible measures to further strengthen coordination among relevant agencies responsible for combating money-laundering with regard to monitoring compliance concerning global, regional and bilateral cooperation.

99. Finally, the Working Group may wish to request UNODC to continue its efforts to gather information on good practices in relation to measures to prevent money-laundering.

100. In order to continue this process of mutual learning, States are encouraged to provide further updates and present new initiatives in the areas of discussion at the Working Group.

United Nations CAC/COSP/WG.4/2015/3

Conference of the States Parties to the United Nations Convention against Corruption

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Item 2 (a) (ii) of the provisional agenda*
Implementation of Conference resolution 5/4, entitled "Follow-up to the Marrakech declaration on the prevention of corruption", and of the recommendations made by the Working Group at its meeting held in September 2014: good practices and initiatives in the prevention of corruption

Integrity in public procurement processes and transparency and accountability in the management of public finances (articles 9 and 10 of the United Nations Convention against Corruption)

Note by the Secretariat

I. Introduction

1. In its resolution 5/4, the Conference of the States Parties decided that the Open-ended Intergovernmental Working Group on the Prevention of Corruption should continue its work to advise and assist the Conference in the implementation of its mandate on the prevention of corruption and should hold at least two meetings prior to the sixth session of the Conference, to be held in 2015.

2. The Conference further decided that the Working Group shall continue to follow the multi-year workplan, in accordance with which, the Working Group, at its meeting held in September 2014, decided that its sixth meeting would focus its attention on the following topics:

(a) Measures to prevent money-laundering (article 14 of the United Nations Convention against Corruption);

* CAC/COSP/WG.4/2015/1.

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(b) Integrity in public procurement processes and transparency and accountability in the management of public finances (articles 9 and 10 of the Convention).

3. At its second meeting, held in Vienna from 22 to 24 August 2011, the Working Group recommended that in advance of each future meeting of the Working Group States parties should be invited to share their experiences of implementing the provisions under consideration, preferably by using the self-assessment checklist and including, where possible, successes, challenges, technical assistance needs and lessons learned in implementation. The Working Group requested the Secretariat to prepare background papers synthesizing that information and decided that panel discussions should be held during its meetings, involving experts from countries who had provided written responses on the priority themes under consideration.

4. In accordance with the request of the Conference, the present note has been prepared on the basis of information relating to integrity in public procurement processes and transparency and accountability in the management of public finances (articles 9 and 10 of the Convention) provided by Governments in response to the Secretary-General's note verbale CU 2015/58/DTA/CEB of 10.03.2015 and the reminder note verbale CU 2015/97(A)/DTA/CEB of 24.04.2015.[1] By 31 May 2015, submissions had been received from 30 States. The submissions from the following countries contained information relating to the topic of integrity in the public procurement and management of public finances: Algeria, Argentina, Armenia, Austria, Belgium, Bosnia and Herzegovina, Czech Republic, Ecuador, Egypt, El Salvador, Germany, Honduras, Kuwait, Lebanon, Malaysia, Mexico, Montenegro, Oman, Philippines, Portugal, Republic of Moldova, Russian Federation, Spain, State of Palestine, Switzerland, Turkey, United States of America and Uruguay.

5. With the agreement of the countries concerned, the full text of the submissions has been made available on the page of the United Nations Office on Drugs and Crime website devoted to the meeting[2] and will also be incorporated into the thematic website of the Working Group developed by the Secretariat.[3]

6. In accordance with resolution 5/4, the Secretariat also sought inputs from the private sector in relation to the topics under consideration at the present meeting of the Working Group; however, no report from the private sector has been submitted within the extended deadline.

7. The present note does not purport to be comprehensive, but rather endeavours to provide a summary of the information submitted by States parties and signatories. It also includes supplementary information on related initiatives within the United Nations system.

[1] An account of good practices in the area of integrity in the judiciary, judicial administration and prosecution services in the context of article 11 of the Convention, was provided in a separate note by the Secretariat (CAC/COSP/WG.4/2013/2).

[2] www.unodc.org/unodc/en/treaties/CAC/working-group6.html.

[3] www.unodc.org/unodc/en/corruption/WG-Prevention/working-group-on-prevention.html.

II. Analysis of submissions of States parties and signatories

A. Thematic background

8. Government procurement is a key area of concern for the integrity of the public administration. Public procurement is estimated to account for 12 to 30 per cent of the gross domestic product of many countries and is thus a main element of the governments' spending programmes. It is the size of this market, as well as the fact that procurement requires close interaction between the public and private interests that makes it inherently vulnerable to corruption, putting government programmes and services at risk, undermining competition and slowing down development. The distortion of the market caused by corruption may further lead to low quality and inflated prices, affecting disproportionately the vulnerable. Establishing a fair, transparent and impartial public finance management and procurement system is a prerequisite for efficient government spending and for achieving effective provision of public services.

9. The importance of integrity in procurement for the fight against corruption is reflected in the United Nations Convention against Corruption in article 9. Under paragraph 1 of this provision, a State party must, in accordance with the fundamental principles of its legal system, take the necessary steps to establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption. This paragraph stresses the importance of public distribution of information, the establishment of clear selection and award criteria and tendering rules, the use of objective and predetermined criteria for decisions, an effective system of review of the decisions made, and measures to regulate personnel-related matters, such as declarations of conflicts of interest.

10. Paragraph 2 goes on to provide for measures to promote transparency and accountability in the management of public finances. Such measures may include procedures for the adoption of the national budget, timely reporting on revenue and expenditure, the establishment of system of accounting and auditing standards and related oversight, the introduction of effective and efficient systems of risk management and internal control and provisions for corrective action.

11. Paragraph 3 of article 9 stresses the importance of preserving the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue and prevention of the falsification of such documents.

12. In considering the implementation of article 9 by States parties, reference can also be made to other internationally recognized standards or regional instruments which address in more detail the measures that States can take to enhance the integrity of the procurement and management of public finances. One such tool is the United Nations Commission on International Trade Law model law on procurement,[4] which contains procedures and principles aimed at achieving value for money and avoiding abuses in the procurement process. The model law promotes transparency, objectivity, fairness, participation, competition and integrity.

[4] www.uncitral.org/uncitral/en/uncitral_texts/procurement_infrastructure/2011Model.html.

13. Ensuring transparency is critical for successful prevention of corruption. The importance of keeping the public informed is underlined in Article 10 of the Convention, which requires States parties to take measures to enhance transparency in the public administration, including with regard to its organization, functioning and decision-making processes. This article underlines the need for States to put in place effective procedures or regulations allowing members of the public to obtain information on the organization, functioning and decision-making processes of its public administration and on administrative decisions and legal acts; to simplify administrative procedures to facilitate public access to the competent decision-making authorities; and to actively disseminate information, including periodic reports on the risks of corruption in the public administration.

B. Integrity in public procurement processes

Basing the national procurement system on principles of transparency, competition and objective criteria in decision-making and establishing in advance the conditions for participation, including selection and award criteria and tendering rules

14. Most of the States that provided submissions, including Algeria, Austria, Armenia, Bosnia and Herzegovina, Ecuador, Germany, Italy, Kuwait, Portugal, the Russian Federation, the United States and Uruguay, reported that the principles of transparency, competition and objectivity in decision-making had been made a part of the national legal system and were enforced by relevant national procurement bodies and offices. According to the submissions, these principles are implicitly followed in almost all procurement systems of the States parties.

15. Austria, Belgium, Germany, Italy and Sweden noted that their public procurement systems further took into account the directives of the European Union on procurement, 2014/24/EU and 2014/25/EU,[5] which had been integrated into national law.

16. Lebanon reported that the procurement system in the country was regulated by the Public Accountancy Act and not by a special law on procurement and that it had now sought to address the deficiencies identified in its procurement system through a draft law which was pending adoption.

Sufficient time to prepare and submit tenders and using by default an open tender procedure

17. Ensuring that all participants in the tender procedure have sufficient (and similar) time to prepare and submit the tender documents is a key requirement to ensure fair competition in the procurement process. Unreasonably short deadlines make proper preparation for the tender difficult and increase the risk that some of

[5] Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC; Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC, available online at: http://ec.europa.eu/growth/single-market/public-procurement/modernising-rules/reform-proposals/index_en.htm.

the participants in the procedure might attempt to acquire inside information and thus obtain an illegal advantage.

18. Similarly, using the open tender procedure by default reduces the risks to integrity associated with artificially restricted competition and ensures that the goods or services are procured at a fair market price. The free competition of many participants in the tender process makes bid rigging and collusion less likely and easier to detect.

19. All of the countries reported that their procurement systems allowed for a specific period of time to prepare and submit tenders, which in some countries depended on the complexity of the project. The time allocated for this phase of the procurement process however differed across countries, based on the legal and administrative traditions of the States parties.

20. In Algeria, the time limit for preparation and submission of offers was defined in each specific case in such a way as to ensure fair competition among all participants.

21. Mexico stated that deadlines, criteria and formalities of the procurement of goods and services or the execution of public works and services were regulated by the Law on Acquisitions, Leases and Public Sector Services and the Law on Public Works and Related Services. With reference to the requirement to allow for sufficient time to prepare and submit their tenders, both laws have set the deadline of 15 calendar days for national tenders and at least 20 days for international tenders from the date of the publication of the call for tenders.

22. Belgium noted that its national system had set out time limits for submitting tender offers that depended on the complexity of the project. A draft law was reported to be pending adoption, which would fulfil the requirements set out by the new European Union directives in the area and which would move towards fixed unified time limits based on the type of the procedure (open, restricted or competitive dialogue).

23. Armenia reported that its national legislation set out different timeframes for the submission of bids depending on the procurement procedure used, which ranged from 40 days in the case of the open procedure to seven days in the case of the "simple" procedure.

24. In Germany, an open tender procedure was used by default in most types of procurement. For professional services, however, the negotiated procedure with a prior public invitation to take part was the default procedure.

Transparent publishing of procurement decisions, including invitations to tender

25. All countries reported that they had certain requirements for transparency for different elements of the procurement process, including, as a minimum, the publication of the invitation to tender.

26. While the established practice in many countries was that this was done primarily through publication in newspapers or official journals, increasingly electronic tools and portals were reported as being utilized for this purpose.

27. Algeria, Kuwait, Lebanon, Oman and the United Arab Emirates reported that the advertisement of future tenders was compulsory. Publication of the tender notice

was required in the media, official bulletins of the public procurement agency, and the national newspapers with possibility for online publication.

28. A number of countries, including Argentina, Armenia, Belgium, Ecuador, Germany, Malaysia, Mexico, Portugal and Uruguay, highlighted that they had employed new information technology solutions to strengthen the integrity of the procurement process and to better disseminate information. The functionalities of these portals ranged from serving as platforms to announce tenders, to allowing interested future participants to download templates of documents, to fully integrated electronic solutions allowing paperless electronic procurement.

29. Argentina reported that the procurement system in the country was based on the electronic system, Ar-Compra, which allowed for the electronic management of traditional procedures of selection such as tenders, private-public contests and direct contracts. The system supported the competitive bidding process and enabled the publication and search for business opportunities in the public market and the submission of tenders. The information technology platform integrated all services associated with the production, preparation, publication and systematization of data as a central tool in institutional management.

30. Armenia stated that its national legislation required all procurement decisions to be public. The invitation for participation in the tender was either openly published or a special invitation was sent to pre-qualified participants. All information on the procurement procedure, including the procurement plans, invitation to tender, conditions of participation, criteria for selection, characteristics of items to be purchased, contract award, appeals filed against procurement procedures, and decisions of procurement appeals board were published on the official website (www.gnumner.am) and made available to the public.

31. Belgium reported that transparent publication of procurement decisions — prior information notice, contract notice and award notice — was ensured by publication in the Official Journal of the European Union and the "Bulletin des Adjudications" for those cases where the procurement contract was above a certain threshold. When the value of the contract was below this threshold, only the contract notice was publicized and advertised locally. Contracts awarded by negotiated procedure were exempt from advertising when their estimated amount was lower than the thresholds established by the European directives.

32. Ecuador, Malaysia and Uruguay reported that their national legislation required the tender notices to be posted on a Government-managed Internet portal and for the procurement to be managed electronically in the form of a catalogue established on the government procurement website to provide visibility to calls for tenders. The website further allowed for persons and companies to register as potential procurement providers.

33. Portugal stated that, in order to enhance transparency, non-discrimination and fair competition, a single national web portal for public procurement, called BASE, centralizing all information on public contracts, had been established. Interested future participants could download from this website the template of the documents for participation. All calls for tenders, suppliers' queries, bid documentation, statistics on the procurement processes, and public contracts were recorded and organized through this e-procurement system. The portal centralized all information

on public contracts that was published in the electronic edition of the Portuguese Official Journal and other certified electronic platforms.

34. According to the submission of Mexico, in order to promote transparency in public procurement, an electronic system of information on public procurement, CompraNet, was developed. Through the CompraNet system, all procurement information including minutes of the clarification meetings, the presentation and opening of proposals were made public and freely accessible. The system was modified to include the Module Information and Market Intelligence for Public Procurement or CompraNet-IM, which converted the data contained in CompraNet into a format that was useful for citizens and provided flexible and timely access to government procurement information.

35. The Russian Federation reported that transparency of the procurement process was ensured by law through the means of mandatory online public consultations on the public procurement plans.

36. The United States highlighted that the transparency of the procurement process was ensured through the statutory right of access to federal government records, including those relating to public procurement, unless such records fell under one of the exemptions that protect interests, personal privacy, national security and law enforcement. This legal requirement obliged federal agencies to proactively disclose or post on their websites government decisions and records as well as to provide access to such records upon request.

37. Bosnia and Herzegovina reported that it was currently in the process of establishing an e-procurement system with services, documents and information that would be provided through an Internet portal to both contracting authorities and potential bidders. This system would facilitate the communication between the bidders and contracting authorities. The legislation required all legal persons involved in public procurement (both contracting authorities and potential bidders) to register in an electronic register.

Procedures, rules and regulations for review of the procurement process, including a system of appeal

38. Establishing a clear system of procedures, rules and regulations for review of the procurement process allows authorities to address complaints, appeals and potential irregularities and is indispensable for the integrity of the procurement system.

39. Such a system may rely on administrative review, on judicial review or on a mix of the two, depending on the specificities of the legal system of the States parties. The Convention requires that an effective system of review also include an effective system of appeal, allowing for the decision of the review body of first instance to be subject to a formal appeal.

40. Armenia, the Czech Republic, Ecuador and Germany, stated that they had established special review or oversight bodies to deal with the administrative review of procurement decisions to ensure that they were carried out in line with the principles of transparency, competition and objectivity in decision-making.

41. Other States, such as Belgium, Lebanon, Mexico, the Republic of Moldova, the Russian Federation and Turkey, reported relying on existing systems of administrative and judicial review.

42. According to the submissions of Lebanon and the Russian Federation, under their legal systems, procurement procedures could be challenged in court to establish if a violation of the procurement legislation has taken place, using established procedures for appealing administrative decisions.

43. Algeria reported that specially established tender evaluation committees analysed offers, declaring them eligible or ineligible, as appropriate. Similarly, ad hoc appeal committees were formed to decide on the outcome of any appeal and on the finalization of contract awards.

44. According to the submission of Germany, in tender procedures with a value exceeding the threshold under the EU directives, a remedy was available in the form of speedy review procedures before an independent tribunal, with the possibility to appeal to a court. The independent tribunals were set up in the authorities for the protection of competition. Upon a successful challenge, the contracting authority could be barred from entering into the contract concerned. The laws provided for damage claims, and, in some cases, for the contract awarded against the rules to be rendered null and void.

45. According to Mexico's report, the Government used surveys to review the implementation of the procurement process. The surveys gave the opportunity to bidders to express opinions and give comments on a specific procedure, which were then analysed and incorporated into the corresponding file. Appeals and complaints related to a procurement procedure, invitation to tender, award of contract, etc., were submitted to and addressed by the Ministry of Public Administration or the Internal Control Office of the Attorney General's Office. Mexico reported that a procurement decision could also be challenged in the Federal Court of Fiscal and Administrative Justice.

46. Armenia noted that a specialized Procurement Appeals Board had been established, consisting of independent and impartial officers and representatives of customers and non-governmental organizations, who served on a rotating basis.

47. The Czech Republic reported that the Office for the Protection of Competition had been established to ensure that market behaviour was in compliance with competition rules and benefitted the consumers as well as to supervise the procedures of awarding public procurement and concessions, thereby ensuring better transparency in public spending. The Office for the Protection of Competition was also responsible for reviewing the actions of procurement officials and the contracting authorities, exercising supervision over procurement officials and the contracting authorities, and participating in drafting and amendment of public procurement and concession legislation.

48. Ecuador reported that the National Public Procurement Service had been established as a specialized procurement agency with competencies to oversee the procurement process. In this role, it was able to request information from public and private entities, monitor procurement procedures, and inform the Comptroller General and the Attorney General of the State of violations of the procurement legislation. Persons with a material interest in a case could file a complaint with the National Public Procurement Service, which in turn notified the supervisor of the contracting entity and suggested measures to rectify the process or suspended the procedure. In addition to the opportunity for administrative and judicial review, a mediation or arbitration procedure also existed.

49. Uruguay reported that the Agency for State Procurement and Contracting was the body tasked with monitoring the regulatory framework and carrying out the procurement process. It was further responsible for verifying the compliance of contract awards with the legislation and ensuring transparency in the procurement process.

50. Similarly, Turkey reported that the Public Procurement Authority had been established and given competencies for the accurate implementation of the procedures described in the Public Procurement Law. The law regulated prohibited acts and conduct in procurement, as well as persons prohibited from participation in procurement proceedings. In cases where a violation was detected, the crime was investigated under the Criminal Code.

Selection of personnel and establishing a conflict of interest management system

51. The establishment of a sound and merit-based system of selection of personnel is an important prerequisite to ensuring the integrity of the procurement system. Such a system should take into account the provisions of article 8 of the Convention, with due regard to the specificity of the positions involved in procurement.

52. Depending on the national legal traditions, the personnel exercising procurement functions may be centralized in a single agency in charge of procurement procedures in the whole public administration, or may be placed in a decentralized procurement system.

53. In both a centralized and a decentralized procurement system, the Convention requires States parties to undertake special measures to promote ethical conduct and to effectively avoid and manage conflicts of interest in order to ensure the integrity of the procurement processes.

54. Argentina reported that the National Contracting Office was the governing body of the procurement system of the National Public Administration, which was responsible for the oversight of procurement in the central administration, decentralized agencies, national universities, armed and security forces. The Directorate of Policy Planning of Transparency was responsible for the oversight, analysis and development of legal frameworks, training to optimize state purchasing, monitoring important and vulnerable stages of procurement processes, as well as implementation of policies and preventive programmes against corruption.

55. Similarly, Kuwait and the United Arab Emirates reported that each country had established a specialized State body in charge of procurement activities.

56. Uruguay reported that the promotion of effective business practices in the public procurement system was ensured by the Procurement and Contracting Agency. The Agency also dealt with the management of conflicts of interest. The recruitment process was organized on a non-discriminatory basis under transparent, open and competitive procedures and a set of rules was established setting out the criteria for public officials to qualify for a position in the procurement administration.

57. Germany reported that it had established a conflict of interest management system with declarations of interest and methods to resolve conflicts in particular

cases. Staff found to have a conflict of interest should take steps to ensure that they were not involved in decisions relevant to that conflict. Staff were not permitted to take a secondary appointment without explicit permission; and only if this appointment would not lead to a conflict of interest.

58. Algeria reported that personnel selection was conducted based on the executive decree that included as an annex a code of ethics and professional conduct. It established the rights and obligations of public officials in the course of the procurement procedures. In cases of conflict of interest, the official must inform his/her supervisor and specific provisions prohibiting a person from awarding a contract when in a conflict of interest situation were provided for in the legislation. A post-employment prohibition was in place, preventing the procuring entity from awarding a contract for a period of five years to a former employee.

59. The Russian Federation reported that strict conflict of interest provisions were put in place to ensure that conflicts of interest were avoided, including detailed lists of incompatibilities and requirements for mandatory disclosure. The law prohibited people from participating in tender evaluation committees if they had a close family relationship with future contract parties and provided for mandatory personnel rotation.

60. Mexico reported that management of conflicts of interest was regulated by the Federal Law of Administrative Responsibilities of Public Servants and by the Federal Administrative Procedure Act. In addition, establishment of a specialized Ethics and Conflict of Interest Prevention Unit within the Ministry of Public Service was planned, in accordance with the instructions of the President.

61. With regard to personnel selection and conflict of interests management system, Belgium reported that the Federal Public Service Chancellery of the Prime Minister and the Federal Public Service Budget and Management Control have issued a circular entitled "Public procurement — ethical conflict", aimed at preventing conflicts of interest. The circular set a post-employment cool-down period of two years during which time a former public official was not eligible to win a public contract with the contracting authority for which he or she had worked.

62. Armenia stated that employees of the procurement coordination subdivision and officials were included in the list of qualified professionals to carry out procurement duties after successfully passing the exam on the proficiency of legislation. Additionally, legislative provisions outlined the situations of conflict of interest and required the committee member having such a conflict related to the procurement procedure to recuse him or herself from the procedure.

63. Kuwait also reported that a conflict of interest management system was introduced for employees engaged in procurement.

64. Switzerland stated that its central purchasing department for the entire civil administration regularly included an integrity clause in its contracts with third parties and provided for the possibility of terminating the contract in case of attempted corruption.

Other administrative practices promoting integrity in procurement

65. While establishing a strong and effective legal and institutional framework is an important prerequisite for the integrity of the procurement system, it is equally important to promote specific administrative practices that would limit the risk of corruption.

66. It is important that the enabling legal framework is complemented by various additional strategies implemented at the administrative level that have been found to be effective in certain environments to reduce corruption in procurement. These may include measures to strengthen integrity of the business sector and bidder employees; measures to exclude unethical participants from the procurement process (debarment); measures promoting collective action (integrity pacts); and measures to promote civil society monitoring (public consultations).

67. A number of countries, including Armenia, Germany, Malaysia, the Philippines, Portugal, the Russian Federation and Turkey, reported that they used debarment as a means to ensure integrity of the procurement process.

68. While less common, some countries have indicated also using extensively public consultations (the Russian Federation), promotion of integrity through collective action — integrity pacts (Malaysia) or rotation of personnel (Germany and Uruguay).

69. Armenia reported that a "blacklist" had been established that included people or organizations prohibited from participating in procurement procedures following the decision of the procurement appeals board for a period of three years.

70. Germany reported that administrative practices promoting integrity in procurement were set out in the Directive Concerning the Prevention of Corruption. Germany further explained that the debarment of tenderers who had been convicted of offences such as corruption or who were guilty of other forms of misconduct was possible. In some cases, such as in the case of a conviction for a corruption offence, debarment of the bidder from the procurement procedure was mandatory.

71. According to the submission received from Turkey, its national legislation regulated sanctions against prohibited acts and conduct. Those who were established to have been involved in a prohibited act or conduct were prohibited from participation in any tender carried out by all public institutions and authorities, for a period of one to two years depending on the nature of the act. Similarly, Turkey referred to its procurement legislation which set out those who were prohibited from participating in public procurement directly, indirectly or as a subcontractor, either on their behalf or on behalf of others because of conflicts of interest. The Public Procurement Authority kept a record of those who were prohibited from participating in tenders.

72. Argentina reported that extensive training of all individuals involved in public procurement management was mandatory. In addition, a new programme had been introduced whereby a legal adviser was made available to provide personalized advice in procurement matters if needed.

73. The Russian Federation observed that an undisclosed conflict of interest could be a legal ground for the courts to declare the procurement contracts null and void. Citizens and civic organizations were empowered by the law to carry out civic control over the activities of the public bodies, including in relation to procurement issues. In addition, in cases provided for by the law, holding open public consultations was mandatory.

74. Malaysia reported that, since December 2010, all government contracts covering supplies, works and services should include an integrity pact. All of the parties involved, including administrative and approval officers, bidders and board/committee members of government procurements, were required to sign the integrity pact and to pledge not to engage in any activities or transactions leading to corruption and bribery during the implementation period of the projects. If this undertaking was breached, pre-agreed sanctions, including blacklisting, could be enforced. The government department or agency was also required to sign an undertaking not to demand or accept bribes and guaranteeing access to information and the publication of the award decision. An arbitration process was built into the integrity pacts to strengthen the enforcement of their provisions. Civil society groups were involved in the monitoring of the contracting process, as has been done in several countries who have introduced the use of integrity pacts. Malaysia highlighted that the use of such pacts has successfully reduced public expenditure.

75. Germany and Uruguay reported that for certain positions in the management of public funds that were seen as especially vulnerable to corruption, the rotation of officials was required.

C. Transparency and accountability in the management of public finances

76. A strong system for the management of public finances ensures the proper spending of public finances, strengthens confidence in the institutions and ensures high quality of public services. To address this challenge, article 9 (2) of the Convention requires States parties to promote transparency and accountability in the management of public finances.

77. To this effect, the procedures for adoption of the budget are of principal importance. Identification of the country's legitimate fiscal aims is dependent on the process of drafting, reviewing and adopting the budget by a number of institutions usually involving all three branches of power. Effective and inclusive budget planning helps to prioritize projects that are of real need for the society.

78. Many countries, including Ecuador, the United States and Uruguay, reported that they had introduced transparency and accountability as main principles in their public financial management which were secured and guaranteed by national law.

79. All of the countries reported that the national budget was approved by the parliament and that the discussions on the management of public finances were made public, with the documentation and proposals often made available on the website of the parliament or the ministry of finance.

80. Germany reported that the draft of the Budget Act together with the draft annual budget were presented to the *Bundesrat* and the *Bundestag* (the two federal parliamentary bodies) by the Government and were published publicly immediately after presentation. The plenary parliamentary debates were also public.

81. The United States reported that the Office of Management and Budget developed an annual budget for the Executive Branch upon input from each department and agency. It was then transmitted to the Legislative Branch, that is, the Congress, which was responsible for deciding on the allocation of public finances

regarding the object of financing and amount. Congressional appropriations committees draft appropriations bills that reflect these decisions. It was explained that an appropriation, once enacted, provided departments and agencies with the legal authority to spend the amount of money appropriated for the purposes for which it was appropriated. This legislative appropriations process gave the public an opportunity to provide input into the amount the Government spends through public hearings, committee meetings and public debate.

82. Algeria reported that budget discussions were organized by the Directorate General of Budget, together with the representatives of ministries and public institutions and were reflected in the Finance Act. The Finance Act contained both budget provisions and definition of the country's macroeconomic priorities and was prepared by the Ministry of Finance. The preliminary law was subject to government discussions and was presented to the Council of Ministers that directed it to the Parliament for the final reading. Lastly, the President signed the Finance Act into force.

83. Kuwait and Oman reported that the Minister of Finance was responsible for the preparation of the budget, which was then submitted to the Government for approval.

Timely reporting on revenue and expenditure

84. Proper management of public finances is impossible without a regular flow of information to the relevant decision makers and to the public. Corruption in the budgetary process could lead to lower tax revenues and higher spending, thus undermining the stability of the country. Timely reporting of revenues and expenditures demonstrated how the implementation of the budget was carried out. According to submissions of most of the countries, there was a requirement to regularly submit to parliament information on the implementation of the budget. In general, public parliamentary procedures were a main tool to report on revenue and expenditure.

85. Germany reported that the Federal Minister of Finance had to submit annually to the two houses of parliament an account of all revenues and expenditures as well as assets and liabilities during the preceding financial year.

Effective system of accounting and auditing

86. Proper accounting and rigorous auditing lie at the foundation of the effective management of public finances. They ensure the financial accountability of the government agencies and allow for collection of information on the budget implementation and for identification of potential problems or irregularities.

87. Most of the countries reported that control and oversight measures were carried out by both the parliament of the country and specialized structures such as a national audit office or an office of internal financial control.

88. Germany reported that the German Supreme Audit Institution, whose members enjoy judicial independence, audited the accounts and examined the performance, regularity and compliance of financial management with the relevant rules. The Institution submitted an annual report directly to the two houses of parliament as well as to the federal Government. The responsible federal Government departments and agencies were required to render accounts for each financial year (or other periods, where permitted) on the basis of the closed accounts. Germany emphasized

that failure to report was a breach of duty and could lead to disciplinary and, where applicable (for example, in case of fraud), to criminal sanctions.

89. The Republic of Moldova stated that the Court of Accounts of the Republic controlled the administration and use of public funds and the management of public property. The auditors of the Court of Accounts were required to undergo a certification procedure in order to maintain their qualification as pubic auditors.

90. Kuwait reported that a committee in the parliament was responsible for monitoring and protecting public funds. The access to information legislation could be used to obtain information for revenue and expenditure of governmental institutions, with the exception of the institutions related to national security.

Effective and efficient system of risk management and internal control

91. Article 9, subparagraph 2(b) of the Convention calls for establishment of an "effective system of risk management and control", as key to detecting irregularities. It refers to introducing preventive measures such as separation of functions, hierarchies of approvals and reviews or ex-post facto measures to identify problems such as financial reporting, performance monitoring, protection of whistle-blowers and internal audits.

92. Introducing effective systems of risk management is a relatively new approach which requires States to introduce measures to identify and prioritize individual budgetary risks and to consider measures for addressing those risks.

93. Germany reported that a risk assessment system was in place at the federal level (at the state level, the *Länder* maintained their own systems). According to the Directive Concerning the Prevention of Corruption, each agency was required to assess the areas of activity within the agency which were especially vulnerable to corruption, and to apply certain measures for staff entrusted with them. In order to support this process, a "handbook on identifying areas of activity especially vulnerable to corruption" has been developed and provided to all governmental agencies. Each agency was also required to appoint officers that would be responsible for taking the measures under the Directive.

94. Germany further explained that reporting requirements were in place in order to mitigate any negative effects of the decentralization of these responsibilities across the federal institutions. Each federal agency or other entities under federal public law (except for some social insurance institutions) were required to annually report facts and figures on corruption prevention using a website form. The questionnaire that was currently being used had more than 50 questions. On the basis of these reports, an annual report was submitted to the *Bundestag*. After discussions on the report in the relevant *Bundestag* committee, the report was published.

95. The United States reported that its legislation encouraged agencies to consider the concept of "enterprise risk management" which was a strategic business discipline that addressed a full spectrum of an organization's risk. Enterprise risk management encompassed all areas of organizational exposures to risk, and sought to prioritize and manage risk exposure as an interrelated risk portfolio rather than as individual silos of analysed risks. A chief risk officer had to be appointed or designated, who was responsible for managing an agency's risk portfolio.

96. In addition, it was highlighted that United States legislation provided guidance for performance and strategic reviews as part of the federal budget process. With regard to internal controls, the Office of Management and Budget defined the responsibility for internal control in federal agencies, and developed the implementation circular that provided guidance on the implementation for the Federal Managers Financial Integrity Act. The law required federal agency executives to periodically review and annually report on the agencies' internal control systems.

97. Malaysia reported that a system of risk management and control of the national budget expenditure on development projects and programmes had been established by the National Action Council chaired by the Prime Minister. This Council was supported by the National Action Working Committee which was chaired by the Chief Secretary of Government at the national level. At the state level, the State Development Council was chaired by the Chief Ministers, and at the district level, the District Officers were responsible for chairing the District Development Committee.

98. Malaysia emphasized, however, that the sole responsibility in the monitoring and evaluation of the various plans and policies rested with the Implementation Coordination Unit based in the Prime Minister's Office. Through the years, this Unit had developed a number of monitoring mechanisms to meet different planning requirements.

99. According to the submission of Ecuador, access to information in this area was ensured by the Organic Law of Transparency and Access to Public Information. The State guaranteed free access of the public to all budgetary and financial information. Public enterprises, public financial institutions and agencies were required to publish properly audited financial statements. Further, entities and bodies that were included in the national system of public financial management were required to provide budgetary and financial information to the Ministry of Finance and the general public, in accordance with the law.

Provide for corrective action in case of failure to comply with the legal requirements

100. Identification of the problem, allocation of responsibility and taking measures to ensure the accountability of the responsible officials is another important requirement of the Convention. It includes both taking action on the results of audits and enforcing sanctions against the responsible officials.

101. The United States stated that the Anti-Deficiency Act consisted of provisions of law that were passed by Congress to prevent departments and agencies from spending or obligating funds that had not been appropriated. The Act prohibited agencies from entering into contracts that exceeded the enacted appropriations for that year, or purchasing services and merchandise before appropriations were enacted.

102. In addition, the United States highlighted that there were disciplinary sanctions for violating the provisions of the standards of conduct for misuse of government resources and that criminal statutes could also be applied in case of intentional misuse of public funds and resources.

103. Ecuador reported that the Ombudsman could request corrective actions in case of non-compliance and the failure to provide information to the public. If necessary,

the Constitutional Court could impose penalties in a case when public information was not provided to a citizen.

III. Conclusions and recommendations

104. The information contained in the present report highlights the breadth of the legislative and administrative measures that have been taken by States to strengthen integrity in procurement in accordance with article 9 of the Convention against Corruption. The States parties that made submissions generally adopted a comprehensive approach in relation to ensuring that transparency, competition and objective criteria in decision-making were guiding principles in their procurement legislation.

105. Some measures that have emerged from the submissions include those to promote integrity in the bidding process, the exclusion of non-compliant participants from tenders, the involvement of civil society and the use of debarment.

106. A further theme that emerged is the importance of transparency and effective civic oversight and enforcement mechanisms. Countries have highlighted their efforts to use electronic tools and portals to facilitate and simplify procurement procedures and to provide access to information and promote civic engagement.

107. Additional information was provided by some States in relation to paragraph 2 of article 9 on transparency and accountability in management of public finances, as well as on article 10.

108. In their submissions, the States parties underlined the importance of strong systems of management of public finances for the integrity of the institutions, with special attention paid to the aspects of developing and adopting budget and internal controls. Other measures that have emerged from the submissions on article 9, paragraph 2, include measures for ensuring transparency and civic oversight of budgetary spending and the importance of strong and effective systems of auditing public finances. Risk management is an emerging topic, with a number of countries paying specific attention to it.

109. As part of its discussions, the Working Group may wish to consider how States can continue to strengthen procurement systems and the management of public finances to prevent corruption.

110. The Working Group may further wish to recommend to States parties that they strengthen the exchange of information on anti-corruption practices to enhance transparency, integrity and objective decision-making in improving their national legislation in the areas of procurement and to promote exchange of good practices in the area of public finance management.

111. The Working Group may wish to request the secretariat to continue its efforts to gather information on good practices related to integrity in procurement and in management of public finances, particularly in preparation for the next implementation review cycle.